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Date: (Filing No. H-)

TAXATION

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**STATE OF MAINE
HOUSE OF REPRESENTATIVES
132ND LEGISLATURE
SECOND REGULAR SESSION**

COMMITTEE AMENDMENT “ ” to H.P. 452, L.D. 713, “An Act Regarding Taxation”

Amend the bill by striking out the title and substituting the following:

'An Act to Exclude Data Centers from the Business Equipment Tax Exemption and the Dirigo Business Incentives Program and to Require the Department of Economic and Community Development to Study Financial Incentives for Data Centers'

Amend the bill by striking out everything after the enacting clause and inserting the following:

'Sec. 1. 36 MRSA §691, sub-§1, ¶A, as amended by PL 2023, c. 588, §§3 to 5 and affected by §7, is further amended by amending subparagraph (8) to read:

(8) Personal property that would otherwise be entitled to exemption under this subchapter used primarily to support a telecommunications antenna used by a telecommunications business subject to the tax imposed by section 457; ~~or~~

Sec. 2. 36 MRSA §691, sub-§1, ¶A, as amended by PL 2023, c. 588, §§3 to 5 and affected by §7, is further amended by amending subparagraph (9) to read:

(9) A facility that stores spent nuclear fuel, as defined in Title 22, section 673, subsection 18, or radioactive waste classified by the United States Nuclear Regulatory Commission as greater-than-Class C waste; ~~or~~

Sec. 3. 36 MRSA §691, sub-§1, ¶A, as amended by PL 2023, c. 588, §§3 to 5 and affected by §7, is further amended by enacting a new subparagraph (10) to read:

(10) Any property located in a data center or in the portion of a facility that constitutes a data center that begins operations on or after August 1, 2026, including any property located in a data center or in the portion of a facility that constitutes a data center that is part of an expansion or project after August 1, 2026. For the purposes of this subparagraph, "begins operations" means that the data center has installed operational computer and networking equipment and is performing data processing, data storage, cloud computing or similar computing

COMMITTEE AMENDMENT

1 infrastructure services. "Begins operations" does not include construction, site
2 preparation or equipment installation.

3 **Sec. 4. 36 MRSA §691, sub-§1, ¶A-1** is enacted to read:

4 A-1. "Data center" means any facility in the State, which may be a freestanding
5 structure or a facility within a larger structure, that primarily contains electronic
6 equipment used for data processing, data storage, cloud computing or similar
7 computing infrastructure services that uses environmental control equipment to
8 maintain the proper conditions for the operation of electronic equipment. "Data center"
9 does not include a facility or portion of a facility in which electronic equipment is
10 incidental to and used in support of a business whose primary business activity is not
11 data processing, data storage, cloud computing or similar computing infrastructure
12 services.

13 **Sec. 5. 36 MRSA §5219-AAA, sub-§1, ¶C-1** is enacted to read:

14 C-1. "Data center" means any facility in the State, which may be a freestanding
15 structure or a facility within a larger structure, that primarily contains electronic
16 equipment used for data processing, data storage, cloud computing or similar
17 computing infrastructure services that uses environmental control equipment to
18 maintain the proper conditions for the operation of electronic equipment. "Data center"
19 does not include a facility or portion of a facility in which electronic equipment is
20 incidental to and used in support of a business whose primary business activity is not
21 data processing, data storage, cloud computing or similar computing infrastructure
22 services.

23 **Sec. 6. 36 MRSA §5219-AAA, sub-§1, ¶G**, as enacted by PL 2023, c. 412, Pt. J,
24 §13, is amended by amending subparagraph (4) to read:

25 (4) Software publishing, data processing and computer design services, excluding
26 services performed at a data center; or

27 **Sec. 7. 36 MRSA §5219-AAA, sub-§3, ¶D**, as enacted by PL 2023, c. 412, Pt. J,
28 §13, is amended to read:

29 D. A business with a certificate of approval for one of the tax credits allowed under
30 section 5219-RR or 5219-YY; ~~or~~

31 **Sec. 8. 36 MRSA §5219-AAA, sub-§3, ¶E**, as enacted by PL 2023, c. 412, Pt. J,
32 §13, is amended to read:

33 E. A business that has undergone a layoff within the past 2 tax years; or

34 **Sec. 9. 36 MRSA §5219-AAA, sub-§3, ¶F** is enacted to read:

35 F. A business that is a data center that begins operations on or after August 1, 2026.
36 For the purposes of this paragraph, "begins operations" means that the data center has
37 installed operational computer and networking equipment and is performing data
38 processing, data storage, cloud computing or similar computing infrastructure services.
39 "Begins operations" does not include construction, site preparation or equipment
40 installation.

41 **Sec. 10. Department of Economic and Community Development to study**
42 **financial incentives that data centers may benefit from.** The Department of

1 Economic and Community Development shall study potential financial incentives that data
2 centers may benefit from based on current state laws. The department shall submit a report
3 based on the study, including suggested legislation, no later than November 4, 2026 to the
4 joint standing committee of the Legislature having jurisdiction over taxation matters. The
5 committee may report out legislation related to the report to the 133rd Legislature in 2027.
6 For the purposes of this section, "data center" has the same meaning as in the Maine
7 Revised Statutes, Title 36, section 691, subsection 1, paragraph A-1.'

8 Amend the bill by relettering or renumbering any nonconsecutive Part letter or section
9 number to read consecutively.

10 **SUMMARY**

11 This amendment changes the title and replaces the bill, which is a concept draft. The
12 amendment provides that a data center that begins operations on or after August 1, 2026 is
13 excluded from the Dirigo business incentives program and that property located in a data
14 center that begins operations or after August 1, 2026 does not qualify as eligible business
15 equipment for the purposes of the business equipment tax exemption. The amendment
16 requires the Department of Economic and Community Development to study potential
17 financial incentives that a data center may benefit from based on current state laws. The
18 department must submit a report based on the study to the joint standing committee of the
19 Legislature having jurisdiction over taxation matters no later than November 4, 2026.

20 **FISCAL NOTE REQUIRED**

21 **(See attached)**